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FISCAL IMPACT STATEMENT

LS 6841

BILL NUMBER: HB 1511

NOTE PREPARED: Dec 30, 2010

BILL AMENDED:

SUBJECT: Twenty-First Century Scholars Program.

FIRST AUTHOR: Rep. Reske

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill removes the requirement that, to be eligible to participate in the Twenty-First Century Scholars Program, a student must be eligible for free or reduced price lunches under the national school lunch program.

The bill requires, however, that to be eligible to apply for a scholarship under the Twenty-First Century Scholars Program, a student must have been eligible for free or reduced price lunches under the national school lunch program in any grade from Grade 6 through Grade 12.

The bill provides that eligibility to participate in the Twenty-First Century Scholars Program does not automatically qualify a student to participate in an early intervention program under the federal Gaining Early Awareness and Readiness for Undergraduate Program (GEAR-UP).

Effective Date: July 1, 2011.

Explanation of State Expenditures: The bill would increase the number of students enrolled in the Twenty-First Century Scholars Program and increase the number of students that might be eligible for the scholarship since the income eligibility is extended from Grades 6 to 8 to Grades 6 to 12. Currently, students signing up for the program in Grades 6-8 must meet the income eligibility guidelines when they enroll. The bill would still have students sign up for the program in Grades 6-8, but they could meet the income eligibility guidelines anytime in Grades 6-12 and receive a scholarship. This change will impact the number of students who could sign up for the program and potentially increase the number of students who will be eligible to receive a scholarship.

The State Student Assistance Commission could have additional administrative expenses in processing the increased number of applications. There are about 80,000 students in each grade. The Commission currently enrolls about 11,000 students per year. The increased cost would depend on how the applications are processed and what information is required to verify that the student was eligible for free or reduced price lunches under the national school lunch program. Approximately 45% of students in the 2010 school year were eligible for free or reduced lunch.

If more students become eligible to receive a scholarship due to the expansion of the income eligibility to Grades 9-12, the number of scholarships could increase. Assuming a 5% increase in the average value of scholarships per year, the average scholarship in FY 2011 would be about \$6,370. If there was a 10% increase in the number of scholarships, or about 1,100 new students qualifying, the increased cost of the scholarships would be about \$7 M the first year and would be \$28 M after 4 years.

The bill should not impact the Gear-Up program since students enrolled in the Twenty-First Century Scholars Program would still have to meet the income eligibility guidelines to participate.

Background: The Twenty-First Century Scholars Program provides students who meet the income eligibility requirements (being eligible to receive free or reduced price lunches under the national school lunch program), fulfill a pledge to maintain a 2.0 grade-point average, and be drug free, a guarantee of a four-year education at a public higher educational institution. Students enroll in the program as 6th, 7th, or 8th graders. The annual enrollment into the program has varied from about 8,381 students in FY 2005 to 11,346 students in FY 2009 in Grades 6-8. The number of Twenty-First Century Scholarships used in 2008 was 11,346 with an average scholarship of \$5,780.

The State Student Assistance Commission in recent years has not been able to fully fund the O'Bannon Grant Scholarship requests due to funding constraints and the requirement to fully fund the Twenty-First Century Scholars Program. Twenty-First Century Scholars Program has funding priority over the O'Bannon Grant Scholarship, needs-based scholarship, and the Freedom of Choice Scholarship.

Explanation of State Revenues:

Explanation of Local Expenditures: Local schools could incur some additional expense in processing the applications for the Twenty-First Century Scholars Program. The increase would probably be minor.

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission.

Local Agencies Affected: Local schools.

Information Sources:

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